CONDENSED BALANCE SHEET
and
PROFIT and LOSS-SURPLUS

WEINBERGER DRUG STORES, INC.
AND SUBSIDIARIES
CLEVELAND

FOR THE YEAR ENDED
DECEMBER THIRTY-FIRST
NINETEEN THIRTY-THREE

CERTIFICATE OF AUDITORS

February 3, 1934.

Weinberger Drug Stores, Inc.,
Cleveland.

Gentlemen:-

We have examined the books of account and record of WEINBERGER DRUG STORES, INC., and SUBSIDIARIES, AVERBECK DRUG STORES, INC., and SUPERIOR LABORATORIES, INC., all of CLEVELAND, as of the close of business December 31, 1933, and submit the annexed condensed consolidated balance sheet as of that date, together with surplus statement for the year then ended, which have been prepared from our audit report.

The results from operations, as shown in the accompanying surplus statement, are included as shown by the Companies' books without detailed verification by us, however, we made limited test checks of items included therein.

Cash funds and scrip were verified by us with the exception of cash and scrip used for change and petty cash funds at stores, aggregating $6,551.45 which were confirmed to us by the store managers. Customers' accounts receivable were evidenced by trial balance of the individual accounts, but we did not correspond with the recorded debtors.

The merchandise inventory, except approximately $14,000.00, is based upon physical inventories taken under the direction of the management and certified to us by officials of the Companies as to quantities, salability and prices used, the latter as representing estimated cost or lower. We tested the mathematical accuracy of computations and method of pricing and also tested the quantities in the laboratory, warehouse and four of the Companies' stores.

We satisfactorily verified treasury stock, officer's and employees' notes receivable and relative collateral, sundry deposits and investment.

Data examined by us indicated that the charges to permanent assets during 1933 were properly capitalizable. Depreciation has been provided for, in the amount of $25,074.66, by charges against current operations.

Provision has been made for all obligations of the Companies at December 31, 1933, disclosed by the records examined and information obtained by us.

Litigation pending at December 31, 1933, consists of a suit for personal damages in which judgment was subsequently secured by plaintiff for a nominal amount, and an action by the State of Ohio based upon a clerk's alleged failure (which is denied) to attach an excise tax stamp to an article of merchandise upon sale thereof.

Subject to the foregoing, WE HEREBY CERTIFY, that, in our opinion, based upon the records examined and information obtained by us, the accompanying consolidated balance sheet sets forth the financial position of WEINBERGER DRUG STORES, INC., and SUBSIDIARIES, as of the close of business December 31, 1933.

Very truly yours,

ERNST & ERNST,
Certified Public Accountants.

TO THE SHAREHOLDERS:-

In behalf of the Board of Directors, I present herewith the annual report for 1933, based upon audit of our books by Messrs. Ernst & Ernst.

The net profit for the year after deducting all charges including depreciation and provision for Federal Income Tax, amounted to $80,381.59, equivalent to $1.11 per share on the total shares outstanding at December 31, 1933.

During the year 1933, your Company moved, remodeled and enlarged several of its stores adding more modern equipment and fixtures. Included in this remodeling program were two new prescription departments, unique in that they are visible to the public from the outside. One of these is located at E. 9th & Huron store and the other at E. 105th & Euclid store. These improvements were made without increasing capital, which stands the same as at the beginning of the year. A comparison of current assets and current liabilities as of December 31, 1932, and December 31, 1933, follows:

	Dec. 31, 1932	Dec. 31, 1933
CURRENT ASSETS		
Cash	$ 93,573.20	$ 73,082.92
Scrip	.....	5,460.00
Accounts Receivable	12,598.57	17,792.98
Inventory	512,153.38	583,177.59
Cash surrender value of life insurance	5,119.00	6,902.63
TOTAL CURRENT ASSETS	$623,444.15	$686,416.12
CURRENT LIABILITIES		
Accounts Payable	$ 96,769.74	$127,211.65
Accrued Taxes	21,984.88	18,326.69
Dividend Payable January 8, 1934	.....	18,154.50
TOTAL CURRENT LIABILITIES	$118,754.62	$163,692.84
NET CURRENT ASSETS	$504,689.53	$522,723.28

Again as in previous years, the progress made has been greatly influenced by the active assistance rendered by the Company's many friends and shareholders and the policies that have created this confidence will be vigorously maintained.

Very truly yours,
ADOLPH WEINBERGER,
President.

CONDENSED BALANCE SHEET
WEINBERGER DRUG STORES, INC., AND SUBSIDIARIES, CLEVELAND
As of the close of business December 31, 1933

ASSETS		
CURRENT		
Cash on hand and on deposit	$ 73,082.92	
Scrip—issued by cities of Cleveland and Youngstown and Cuyahoga County	5,460.00	
Customers' accounts receivable and creditors' debit balances, less reserve	17,792.98	
Inventory (certified by management)	583,177.59	
Cash surrender value of life insurance	6,902.63	$686,416.12
OTHER ASSETS		
Treasury stock (3,015 shares) at cost (indicated market value at December 31, 1933—$21,105.00)	$ 33,431.36	
Officer's and employees' notes receivable—secured by Company's capital stock	19,968.46	
Sundry deposits, personal and miscellaneous accounts receivable, etc.	27,768.93	81,168.75
PERMANENT		
Furniture and fixtures, including improvements to leased property (book value)	$252,729.64	
Less: Reserve for depreciation	86,118.31	166,611.33
PATENTS AND TRADE MARKS		1.00
DEFERRED		
Unexpired insurance premiums, supplies inventory, etc.		16,647.99
		$950,845.19
LIABILITIES		
CURRENT		
Accounts payable for purchases, expenses, etc.	$127,211.65	
Accrued taxes	18,326.69	
Dividend payable January 8, 1934	18,154.50	$163,692.84
RESERVE FOR CONTINGENCIES		6,000.00
CAPITAL STOCK AND SURPLUS		
Capital stock (without par value): Authorized 100,000 shares Outstanding 75,633 shares Stated capital	$546,000.00	
Capital surplus	$ 81,951.70	
Profit and loss—surplus	153,200.65	235,152.35	781,152.35
		$950,845.19

(NOTE) This balance sheet is subject to the comments in our "Certificate" annexed hereto.

PROFIT AND LOSS-SURPLUS
WEINBERGER DRUG STORES, INC., AND SUBSIDIARIES, CLEVELAND
For the year ended December 31, 1933.

BALANCE—December 31, 1932—as shown by audit report			$145,437.06
ADDITION			
Summary of earnings for the year ended December 31, 1933:			
Gross profit	$792,645.86		
Less: Selling, general and administrative expense	696,224.11		
OPERATING PROFIT	$ 96,421.75		
Other deductions—net	2,615.16		
PROFIT BEFORE FEDERAL INCOME TAX	$ 93,806.59		
Provision for federal income tax	13,425.00		
NET PROFIT		$ 80,381.59	
Less: Dividends paid or provided for—$1.00 a share		72,618.00	
NET ADDITION			7,763.59
BALANCE DECEMBER 31, 1933— AS SHOWN BY ANNEXED BALANCE SHEET			$153,200.65

(NOTE) Depreciation provision for current year, in the amount of $25,074.66, is included in the above expenses.